

9 May 2022

Closed Days Template Guidance – 2021 ISDA Interest Rate Derivatives Definitions and 2006 ISDA Definitions

UK Queen Platinum Jubilee 2022

The International Swaps and Derivatives Association, Inc. (“ISDA”) announces the following guidance for parties to over-the-counter derivative transactions that are affected by the Queen’s Platinum Jubilee in the UK.

On 12 November 2020, the UK Government announced that the Spring Bank Holiday in 2022 will move from Monday, 30 May 2022 to Thursday, 2 June 2022 and that an additional Bank Holiday will be observed on Friday, 3 June 2022 to mark the 70th anniversary as monarch of Her Majesty Queen Elizabeth II.¹

As a consequence, it is ISDA’s understanding that on 2 and 3 June 2022 UK commercial banks are expected to be closed for general business (including for dealings in foreign exchange and foreign currency deposits).

ISDA understands that on 30 May 2022, UK commercial banks are expected to be open for general business (including for dealings in foreign exchange and foreign currency deposits).

ISDA is issuing this guidance in the interest of mitigating market risk and the promotion of orderly and efficient valuation and settlement of positions by market participants. This guidance illustrates the consequences of the above market closures based on the default provisions described in the 2021 ISDA Interest Rate Derivatives Definitions (the “**2021 Definitions**”) and the 2006 ISDA Definitions (the “**2006 Definitions**”). This guidance does not provide views on conventions or consequences, which parties may have bilaterally agreed, that deviate from such presumed provisions, nor does it cover transactions which are not subject to the 2021 Definitions or the 2006 Definitions and for which no bilateral agreement has been reached regarding the subject matter of this guidance. This guidance includes a description of provisions contained in the 2021 Definitions and the 2006 Definitions that may be relevant to market participants. **This guidance is not legal advice and market participants should consult their legal advisors as appropriate.** Market participants should not rely on this guidance for any purpose but should review the contractual terms of each affected transaction in order to understand the effects of the events described above. ISDA does not assume any responsibility for this guidance and it is not intended to set a precedent. Parties are not obliged to follow this guidance and may choose alternate means of addressing the aforementioned event. In addition, firms should consider contacting their counterparties to discuss the consequences for their transactions.

¹ <https://www.gov.uk/government/news/extra-bank-holiday-to-mark-the-queens-platinum-jubilee-in-2022>

For transactions executed on electronic confirmation platforms, market participants should refer to the contractual terms of the applicable confirmation platform.

Please note that this guidance may be updated from time to time.

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1 2021 Definitions and 2006 Definitions

30 May 2022

ISDA understands that commercial banks and foreign exchange markets in London will be open for general business (including dealings in foreign exchange) and that financial markets in London will also be open on 30 May 2022 (the “**Original Bank Holiday**”).

Consequently, the Original Bank Holiday should be treated as:

- a Business Day (under the 2021 Definitions) or a Banking Day (under the 2006 Definitions) for the purposes of Floating Rate Options where the rate for a Reset Date is fixed by reference to Business Days or Banking Days, as applicable;
- a Business Day for the purposes of Payment Dates, Period End Dates and Reset Dates;
- a Valuation Business Day; and
- an Exercise Business Day,

in each case, in respect of London as the relevant financial center.

2 and 3 June 2022

ISDA understands that commercial banks and foreign exchange markets in London will be closed for general business (including dealings in foreign exchange) and that financial markets in London will also be closed on 2 and 3 June 2022 (the “**Relevant Dates**”).

Consequently, the Relevant Dates should not be treated as:

- a Business Day (under the 2021 Definitions) or a Banking Day (under the 2006 Definitions) for the purposes of Floating Rate Options where the rate for a Reset Date is fixed by reference to Business Days or Banking Days, as applicable;
- a Business Day for the purposes of Payment Dates, Period End Dates and Reset Dates;
- a Valuation Business Day; or
- an Exercise Business Day,

in each case, in respect of London as the relevant financial center.

In respect of any Floating Rate Option that is fixed on a London Business Day (under the 2021 Definitions) or London Banking Day (under the 2006 Definitions), parties should consult the terms of the relevant Floating Rate Option as to the consequences (e.g., if the fixing is one London Business Day prior to a Reset Date falling on Monday, 6 June 2022, the fixing day² will move to Wednesday, 1 June 2022).

In respect of each Date for Payment (under the 2021 Definitions), Payment Date (under the 2006 Definitions) and each Period End Date (under both the 2021 Definitions and the 2006 Definitions), the relevant day will adjust in accordance with the Business Day Convention specified by the parties or, if none is specified, the default Business Day Convention set out

² In the 2021 Definitions, this day is referred to as the “Fixing Day”. There is no equivalent defined term in the 2006 Definitions.

in the relevant definitional booklet as follows:

2021 Definitions

- Initial Exchange Date; Premium Payment Date: Following Business Day Convention;
- Interim Exchange Date; Final Exchange Date; Payment Date: Modified Following Business Day Convention;
- Period End Dates: Modified Following Business Day Convention; and
- Cash Settlement Valuation Date: Preceding Business Day Convention.

2006 Definitions

- Initial Exchange Date; Premium Payment Date: Following Business Day Convention;
- Interim Exchange Date; Periodic Exchange Date; Final Exchange Date; Payment Dates: Modified Following Business Day Convention; and
- Period End Date; Cash Settlement Valuation Date (in respect of an Exercise Date or Mandatory Early Termination Date): Modified Following Business Day Convention.

The Effective Date and Termination Date are both subject to the No Adjustment Business Day Convention, unless otherwise specified under the 2021 Definitions. Under the 2006 Definitions neither date is subject to adjustment in accordance with any Business Day Convention (unless otherwise specified in the Confirmation).

Note that, under both the 2021 Definitions and the 2006 Definitions, in respect of a Termination Date that is also a Payment Date falling on the Relevant Dates, unless otherwise specified in the relevant Confirmation, the Payment Date that falls on such Termination Date will be adjusted in accordance with the Business Day Convention specified for such Payment Dates even though the actual Termination Date will not adjust (unless adjustment in accordance with the Following, Modified Following or Preceding Business Day Convention has been specified to apply).

Under both the 2021 Definitions and the 2006 Definitions, in respect of an Expiration Date³ falling on the Relevant Dates, where ‘London’ is specified as a financial centre for the purpose of Exercise Business Days, the Expiration Date shall roll to the next following Exercise Business Day (expected to be 6 June 2022).

³ This consequence applies only if Exercise Business Days are defined to include Business Days (under the 2021 Definitions) or Banking Days (under the 2006 Definitions) in the impacted city.